

## Annex A: Significant Events

Issue	
Event	Significance
WTO Accession	
July 23, 2007: WTO working party meeting held in Geneva	The meeting focused on further fine tuning of the Draft Working Party Report and on deciding next steps for Ukraine's accession. A handful of commitments paragraphs in the Draft Working Party Report remain to be finalized and agreed upon. Ukraine committed to implement remaining reform by the date of accession. There was no objection by WP Members. They however requested that Ukraine demonstrate progress in this regard through sharing drafts. The next WP meeting is expected during the first week of October 2007. It is expected that the accession package be finalized as result of this meeting. No laws are expected to be adopted before this meeting. Members suggested to introduce commitments in the text of the Draft WP report indicating that Ukraine will adopt remaining reform by the date of accession.
Cabinet of Ministers' Procedural Rules	
July 18, 2007: Procedural Rules were adopted by the Cabinet of Ministers	<p>According to our Working Plan (clause 4.1.3), we have been working at amending the Cabinet of Ministers' Procedural Rules. On July 18th, new Procedural Rules were adopted by the CMU. The recommendations developed jointly by TIBA and the SCRPE on streamlining the Procedural Rules with the RPL have been taken into account:</p> <p>Section 6. Developing Draft regulations of the CMU chapter 2. regulation Development Procedure § 48. General principles 3. Draft regulations of the CMU shall be developed taking into account the specific requirements of the RPL and in lines with the Methodology of RIA, approved by the Resolution of the CMU No. 308 dated March 11, 2004 (Ofitsiynuy Vysnuk Ukrainu, 2004, No. 10, page 612). This means that starting from July 18th, any and all regulations issued by the CMU shall be developed according to the procedure set forth by the RPL.</p>
Improving the Regulatory Environment for Business	

Issue	
Event	Significance
<p>Late July 2007:</p> <p>The President's Administration has recently created a working group for improving the regulation of private enterprise in Ukraine. The working group will be tasked with (1) developing legislation to improve the regulatory environment for private enterprise, which can be submitted to Parliament by the President; and (2) reviewing legislation affecting private enterprise adopted by Parliament before it is submitted to the President for his signature. The TIBA Project will be represented on the working group.</p>	<p>The creation of this working group, and the TIBA Project's participation in it, will provide real opportunities to gain high-level attention and support for issues and initiatives related to improving the business environment in Ukraine. The Working Group will create an additional venue where needed legislation can be developed and an additional channel for introducing such legislation into Parliament. (This could prove very important if the Cabinet of Ministers is unable or unwilling to address issues of concern, for example.) The Working Group also provides the opportunity to oppose undesirable legislation before it is brought to the President for signing.</p>
Quick Deregulation, Phase II	
<p>August 8, 2007:</p> <p>After receiving approval from the Cabinet of Ministers (reported previously), SCRPE began working with the TIBA Project to develop a program outline and work plan for carrying out a second phase of quick deregulation. The program outline and work plan are expected to be finalized by the end of August and submitted to the Cabinet of Ministers for approval.</p>	<p>The most effective and comprehensive way to carry out quick deregulation is through a national program carried out under the authority of the Cabinet of Ministers. The Cabinet of Ministers' approval for the development of a program of quick deregulation is an important first step in this process, and the impending completion of a program outline and work plan, which will be submitted to the Cabinet of Ministers for its approval, marks a second important step.</p>
Land Reform	
<p>August 7, 2007:</p> <p>In a letter to the Prime Minister the President formally expressed concern over the lack of action to reform the legal regime governing land use, land ownership and related issues and urged the Prime Minister to have the Government take legislative action in the areas of (1) land rights registration; (2) land markets; (3) land use and protection; (4) land inventory; and (5) zoning.</p>	<p>The lack of reforms to the legal regime governing land remains a serious impediment to rational land use and to the growth of private enterprise in Ukraine. The President's formal expression of concern may spur positive initiatives for bringing out positive change in which USAID projects can participate effectively.</p>
Improving the Regulatory Environment for Business	

Issue	
Event	Significance
<p>August 10, 2007: The President's Working Group for Improving the Business Environment (reported on previously) convened and distributed to working group members its proposed program for review.</p>	<p>The Working Group's program calls for developing legislation principally in the areas of regulatory policy (including the reorganization of SCRPE), registration, permits, inspections, licenses, taxation, technical regulation/certification and property registration, as well as other areas. Many of the tasks coincide with those of the TIBA Project. Sub-working groups are being formed to work in specific areas, and the TIBA Project will participate in all sub-working groups related to the TIBA Project's tasks. The program is very ambitious and sets unrealistic deadlines (September 15), suggesting that the motivation for this is largely political – to coincide with the parliamentary election process. However, if the group remains active past September 15 there is a chance that it will facilitate progress on a number of issues relevant to our goals.</p>
Improving the Regulatory Environment for Business; Quick Deregulation, Phase II; Permitting Reform	
<p>August 14, 2007: The Ministry of Economy held a forum devoted to issues surrounding the business environment and the financing needs of SME's. The forum consisted of a series of presentations by officials from relevant state bodies (including SCRPE and the Ministry of Construction), representatives of business associations, and the IFC. Approximately 200-250 people attended.</p>	<p>The program included a resolution to be adopted at the forum that calls for action in a variety of areas which bear on the TIBA's tasks: (1) carrying out Phase II of Quick Deregulation; (2) rationalizing the inspections regime; (3) improving the permitting system and rescinding local permitting rules that do not comply with the law; (4) applying a "one-stop shop" approach to streamline the permitting process for the construction of hotels; and (5) streamlining licensing requirements. With respect to QDR II, the resolution calls on the MoE, the Agency for Land Resources, the Ministry of Culture and the Ministry of Regional Development and Construction to develop proposals; and calls on SCRPE and the Ministry of Justice to develop a plan for carrying it out. With respect to both QDR II and permitting reform, the tasks reflect our approach and are mostly verbatim from our recommendations. As with the recent initiative announced by the President's Secretariat, the timing of this action is largely political. However, we believe that both initiatives create opportunities for USAID to carry regulatory reform further. It is very positive that b</p>
Quick Deregulation, Phase II	
<p>August 14, 2007: TIBA and SCRPE have agreed on the program and work plan for QDR II to be proposed to the Cabinet of Ministers and are finalizing the proposal.</p>	<p>If and when approved by the Cabinet of Ministers the program will provide for comprehensive deregulation in the areas of licensing, permitting, construction, land and tourism.</p>
Permitting Reform; One-Stop Shops	

Issue	
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<p>Late July to early August 2007: TIBA started the process for selecting 25 permit OSSs that will be targeted for implementing simplified and unified construction permitting procedures. TIBA Project representatives visited 5 Eastern Ukrainian oblasts (Kharkivskaya, Dnepropetrovskaya, Donetskaya, Zaporizhskaya, Luganskaya) and preselected 10 Cities (Kharkiv, Chuguyev, Kupyansk, Dnepropetrovsk, Nikopol, Berdyansk, Donetsk, Artyemovsk, Alchevsk, Stahanov). The TIBA Project used the opportunity to learn about the specific procedures used by municipalities for issuing construction permits, which will inform the effort of developing improved, simplified and unified procedures.</p>	<p>Simplified and unified permitting procedures for construction will significantly reduce unnecessary regulatory burdens and will decrease opportunities and incentives for corruption at the local level throughout the country.</p>
Draft Regulation of the Cabinet of Ministers on Inspection Procedures in Construction	
<p>August 22, 2007: Draft regulation was considered at the 2nd meeting of the Public Council of the Ministry of Regional Development and Construction for further submission to the Cabinet of Ministers for adoption</p>	<p>The regulations will bring inspection procedures in construction in compliance with the Law "On General Principles of State Control (Supervision) of Economic Activity" (on inspections) and the Law "On amendments to Ukrainian legislative acts regarding state control in construction sphere and providing investment activities in construction".</p>
Draft Resolution of the Cabinet of Ministers on the Process of Adoption of Construction Projects and Investment Programs in Construction and Conduction of Their State Expertise	
<p>August 22, 2007: Draft Resolution was considered at the 2nd meeting of the Public Council of the Ministry of Regional Development and Construction for further submission to the Cabinet of Ministers for adoption.</p>	<p>The state expertise is a part of permitting procedure in construction. The resolution adoption will result in speeding-up and optimizing state expertise and approval of construction projects and investment programs.</p>
Draft Resolution on Licensing of Certain Types of Entrepreneurial Activities in Construction	
<p>August 22, 2007: Draft Resolution was considered at the 2nd meeting of the Public Council of the Ministry of Regional Development and Construction for further submission to the Cabinet of Ministers for adoption.</p>	<p>The resolution adoption will result in simplifying and speeding-up licensing-issuing process in construction.</p>
Working Group on Simplification of the Process of Registering Ownership Rights for Immovable Property	

Issue	
Event	Significance
Working Group was formed by the Ministry of Justice and the State Agency on Land Resources to work on simplification of the process of registering ownership rights for immovable property (including land plots).	The Working Group will include 4 representatives of the Ministry of Justice, 4 representatives of the State Agency on Land Resources, representatives of professional associations, businesses and think tanks. The WG will be responsible for developing amendments to legislation to remove overlapping in the process of administrative control for property transactions.
Draft Presidential Decree “On Urgent Measures of Improving Regulation of Entrepreneurial Activity in Ukraine”	
August 29, 2007: Draft Presidential Decree “On Urgent Measures of Improving Regulation of Entrepreneurial Activity in Ukraine” was finalized at the Presidential Secretariat Working Group meeting, and was submitted to the President for signing.	The Decree is to be signed in September and outlines the conceptual framework and urgent measures for regulatory reform in key areas of entrepreneurial activity, including permit-issuing, licensing, inspections, tax code, registration of immovable property ownership rights (including land), and continuation of quick deregulation. The Decree will set an agenda of the Presidential Secretariat for drafting and submitting legislative acts on behalf of the President of Ukraine.
Regulatory Reform	
September 3, 2007: Presidential Decree No. 816/2007 "On Urgent Measures of Improving Regulation of Entrepreneurial Activity in Ukraine".	The decree identifies regulatory problems and announces a program of regulatory reforms that are consonant with and supportive of TIBA’s regulatory reform tasks. TIBA helped develop the document with respect to simplifying and streamlining permit and licensing procedures; reforming the inspection regime; improving the registration of rights in immovable property (including land, which was not originally envisioned as a part of the proposed program and which was included after intensive advocacy by TIBA); improving SCRPE’s ability to implement and oversee regulatory policy effectively; strengthening public-private dialog; and improving private sector participation in regulatory reform. The decree sets a legislative agenda for the Secretariat. The Decree also states that the President will adhere closely to the principles defined by the Decree when evaluating laws and legislative acts developed by the Cabinet of Ministers and other central and regional executive and similar bodies and that the President will not approve or support legislative acts that contradict the principles and priorities set forth.
September 5, 2007: Organizational meeting convened by SCRPE to commence effort on MCC tasks to reform permitting system.	SCRPE convened the first meeting of representatives of relevant State agencies – the Ministry of Health, the Ministry of Regional Development and Construction, the Ministry of Emergencies and the State Agency for Land Resources – to establish a plan of action and begin work on bringing the agencies’ respective laws and regulations into conformity with the Permit System Law. TIBA and the IFC also took part. The meeting marks the commencement of work on an important segment of the MCC Threshold Country Program and TIBA’s Component III (MCC TCP C4.2 IP/TIBA CIII WP).
Regulatory Reform/QDR II	

Issue	
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<p>September 3, 2007: The Minister of Regional Development and Construction issued an internal order authorizing Ministry staff to inventory and review all legal acts and decrees issued by the Ministry and all construction-related acts issued by the Cabinet of Ministers and to identify those that should be rescinded or amended. The preliminary results and recommendations of this effort will be presented to a Social Council, which has private sector representation, for further review and analysis and final recommendations. The work will be supervised by Deputy Minister Alexandra Kuzhel.</p>	<p>The work constitutes the first stage of a program of quick deregulation to be carried out in the area of construction.</p>
GOU MCC TCP	
<p>September 5, 2007: Ministry of Regional Development and Construction issued resolution No. 179 regarding appointing deputy ministers to coordinate the implementation of MCC Threshold Country Program.</p>	<p>The resolution officially starts the implementation of TCP subcomponent 4.2. of Component 4 "Reform of the Permit System for Construction, Municipal Services and Streamlining Land Usage and Property Ownership Rights" by assigning responsibilities.</p>
<p>September 6, 2007: State Agency for Land Resources issued resolution No. 168 to establish a working group to develop amendments to current legislation to eliminate excessive administrative control over property transactions.</p>	<p>The resolution officially starts the implementation of TCP subcomponent 4.2. of Component 4 "Reform of the Permit System for Construction, Municipal Services and Streamlining Land Usage and Property Ownership Rights" by assigning responsibilities.</p>
WTO Accession	
<p>September 5, 2007: Order of the Customs Service No.734 Amending Methodological Recommendations for Using Certain Provisions of the Customs Code of Ukraine Relating to the Determination of the Customs Value of Goods Brought into the Customs Territory of Ukraine was adopted.</p>	<p>The order required an amendment to regulate the issue of customs valuation of carrier media bearing software for data processing equipment in accordance with global practices, and is aimed to ensure harmonization of Ukrainian legislation on these issue.</p>
ISO 22000 Series	
<p>August 2007: DSTU ISO 22000:2005 "Food Safety Management Systems - Requirements to Any Organizations in the Food Chain" was officially published/adopted as DSTU 22000:2007.</p>	<p>Establishes an adequate regulatory framework to facilitate participation of SMEs in international trade.</p>
Improving the Regulatory Environment for Business/Quick Deregulation	

Issue	
Event	Significance
September 17, 2007: The State Committee for Regulatory Policy and Entrepreneurship (SCRPE) gave its final approval for the proposed program of quick deregulation that was developed jointly by TIBA and SCRPE, and SCRPE indicated that it plans to send the proposal to the Cabinet of Ministers during the next few days.	If and when approved by the Cabinet of Ministers, the proposed program will lay the basis for the second phase of quick deregulation in Ukraine. This will constitute a significant development in regulatory reform with potentially far-reaching consequences.
<b>Regulatory Reform</b>	
September 17, 2007: The President of Ukraine held his annual Business Forum with the business community, where he unveiled his program of action to improve the regulatory environment. TIBA played a very active and influential role in the development of the President's program and drafting the concept "On Urgent Measures of Improving Regulation of Entrepreneurial Activity in Ukraine" which was approved by the President 09/03/2007 (Presidential Decree № 816). At the Business Forum the President focused on the need for sweeping reforms in the areas of (1) the permitting system; (2) the tax regime; (3) technical standards; and (4) the inspection powers of state agencies. Both the President and some commentators from the business community also mentioned the need for a second phase of quick deregulation.	The Business Forum drew public attention to the need for significant regulatory reform and to the President's pro-active support for such reform. The President's stated priorities dovetail with many of TIBA's tasks and provide additional political impetus for their realization.
<b>Harmonization with Codex Alimentarius</b>	
September 21, 2007: Round Table "Bottled Water - Sanitary Measures and Minimum Quality Specification."	Will help private sector to adjust to international standards in order to increase potential for export.
<b>Improving the Regulatory Environment for Business/Quick Deregulation</b>	
September 26, 2007: The State Committee for Regulatory Policy and Entrepreneurship (SCRPE) sent a draft resolution for QDII to Cabinet of Ministers (CM). CM will circulate proposal to relevant ministers for clearance before adopting the resolution.	If and when issued by the CM, the resolution will start the QDII. This will constitute a significant development in regulatory reform with potentially far-reaching consequences.
<b>WTO Accession</b>	

Issue	
Event	Significance
September 19, 2007: CM adopted Resolution No.1148 amending Resolution No. 1716 (12/23/04) "On Approval of Procedure for Payment of Fees for Activities Related to Protection of Intellectual Property Rights".	Amendments bring the CMU Resolution in compliance with the National Regime and MFN treatment in the event of collecting fees.
September 19, 2007: CM adopted Resolution No.1153 amending Resolution No. 1852 of (12/29/06) "On Approval of Lists of Goods, Export and Import of Which is Subject to Licensing, and Volumes of Quotas in 2007".	The Resolution cancels mandatory export licensing of precious metals and stones (except for gold and silver) which is in compliance with Article 16 of the Law "On Foreign Economic Activity" and commitments taken under the WTO accession process.

*Notes: The table is a compilation of weekly reports submitted to USAID that complied with the following requirements:*

- a) Legislation that was passed in the previous week that may have an impact on USAID projects;*
- b) Events of significance, either just held or upcoming;*
- c) Significant documents/agreements that we signed in the last week or will be signed in the upcoming week;*
- d) Noteworthy successes/achievements*